



BBSF
12.11.8
Member Companies:
Associated International
Insurance Company
Calvert Insurance Company
Timberline Insurance Company

March 4, 1998

David M. Wissert, Esq.
LOWENSTEIN, SANDLER, KOHL, FISHER & BOYLAN
65 Livingston Avenue
Roseland, New Jersey 07068-1791

Re: Insured: Group R Co., Inc. (Marmon Holdings, Inc.)
Policy Nos. /
Policy Periods: XS 101024 (2/1/82 to 10/1/82);
XS 104538 (10/1/83 to 10/1/84);
XS 104537 (10/1/83 to 10/1/84);
XS 108145 (10/1/84 to 10/1/85)

AIC Claim No.: A11-15360; A11-15361; A11-15362; A11-15363

Dear Mr. Wissert:

I am in receipt of your letter dated February 5, 1998. Thank you for the letter.

While you use a \$2 billion dollar figure at the top of page 2 of your letter, your letter does not give any indication as to your client's potential share of that figure. Therefore, at this time, Associated cannot evaluate whether or not any of its policies may be impacted for this claim. If you can provide any further information on this front, I would appreciate it.

In addition, if you could provide any breakdown of the \$2 billion dollar figure between cleanup costs and natural resource damage claims, I would appreciate receiving that as well.

Similarly, if you have received any further, independent confirmation, from anyone, of the \$2 billion dollar figure, we would appreciate receiving that.

Finally, one of the policies referenced in your letter was issued to "New Tu Co., et al." If further appears that certain "Pritzker" interests are included as named insureds in the underlying policy. As Mr. Lichtenstein's corporate history does not refer to any "Pritzker" interests, I would appreciate knowing how these interests are related to this claim, or how any coverage afforded under the policy issued to New Tu Co. would apply.



GRP "R" CDA dm - 0060

LS 003612

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In the same vane, I would appreciate an elaboration on, or clarification on Mr. Lichtenstein's corporate history recitation as it is extremely confusing. At best, it appears that Golconda Corp. functioned from 1970 to 1977, and that during this time period Cerro Corp. and Marmon Corp. purchased a significant share of the Golconda Corp. stock. It further appears that Golconda Corp. and its successors kept functioning as independent entities until 1985. I would appreciate you confirming the foregoing or correcting any errors I have made. Also, I would appreciate being informed as to whether any joint ventures were involved between any of the companies referenced in Mr. Lichtenstein's letter as relates to their Coeur d'Alene Basin activities.

Pending receipt of the requested information, Associated International continues to reserve all rights it may have under the above-referenced policies and any relevant state law.

Once again, no activity on the part of Associated International should be interpreted as a waiver of any such rights or any terms, conditions and/exclusions in any policy issued by Associated International Insurance Company. Associated International will further evaluate any necessary response to the notice it has received on this claim pending a further response from you in light of its position solely as an excess carrier.

Sincerely,

ASSOCIATED INTERNATIONAL INSURANCE COMPANY



Robert J. Flinn
Senior Claims Specialist

RJF:sem/15360